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April 5, 2004

Via Hand Delivery

Ms. Victoria Rutson
Chief
Section of Environmental Analysis
Surface Transportation Board
1925 K Street, N.W.
Washington, DC 20402-0001

**Re: STB Finance Docket No. 34284, Southwest Gulf Railroad Company –
Construction and Operation Exemption – Medina County, TX**

Dear Ms. Rutson:

This letter offers the views of Southwest Gulf Railroad Company (“SGR”) on certain issues raised in the public comments on the draft scope of the Environmental Impact Statement (“EIS”) that the Board is preparing in this matter. While certain of the matters addressed here go beyond the issue of the proper scope of the EIS, and instead address more substantive issues, SGR trusts that the information set forth here will facilitate the SEA’s work both in the preparation of a final scoping notice and in the issuance of a Draft EIS.

Through its March 10, 2004 letter, SGR has previously responded in detail to comments that raised the legal question of whether the Draft EIS should address the direct impacts of the Vulcan quarry that SGR will serve. In SGR’s view, the environmental impacts of the quarry are beyond the scope of the EIS’s direct impacts analysis. Rather, quarry impacts are relevant to the extent that they are part of the cumulative impacts analysis set forth in the Draft EIS.

This letter will focus on other issues raised by commenters. To the extent that SGR is providing information in this letter about the Vulcan quarry, it is doing so to assist SEA in responding to comments and in preparing its cumulative impacts analysis.

A. Issues Concerning Design of Rail Bridges/Flooding Concerns

In its February 24, 2004 scoping comments, MCEAA urged that modeling was needed to determine the impacts of the SGR line on potential flooding in the area through which the SGR line would be constructed, particularly near Quihi Creek, and to determine how best to design appropriate rail crossings of intermittent streams in the area. SGR has previously explained why it believes that MCEAA's concerns about the rail line causing flooding are overblown. MCEAA's assumption that the bridges that will carry the line over the intermittent creeks in the area will be poorly designed, and that the line will cause or exacerbate flooding, is based on no more than its effort to generate opposition to the proposed quarry. It is of course SGR's intention to design its line, including stream crossings, to minimize adverse impacts to the area's agricultural resources and structures, including its own rail line (which would suffer from any flooding).

As SGR stated in its August 4, 2003 letter to SEA responding to previous comments by MCEAA and others on the flooding issue, SGR's preferred alternative is the product of preliminary engineering evaluations, including evaluations of optimal stream crossing locations. Further, an SGR representative has toured the relevant area with the Medina County Flood Plain Administrator (Administrator). Based on the work performed to date and consultation with the Administrator, SGR does not believe that there are any unique issues regarding flooding here, or that sound engineering practices cannot address the concern that the line would worsen the existing situation. SGR is committed to keeping the Administrator informed as to its plans for stream crossings to ensure that any legitimate water control issues are properly addressed, and to continuing its consultations with the U.S. Army Corps of Engineers (Corps), noted further below.

If the Board permits SGR's rail line to move forward, SGR intends to undertake more detailed engineering work to design the stream crossings in a manner that would not exacerbate pre-existing flooding risks. As part of the additional engineering work that would be conducted, SGR will undertake hydrological modeling. However, given the complexity of the engineering task and the specific information required for the modeling, as a practical matter such modeling can take place only after a specific route has been chosen by the Board. SGR sets forth below a general description of steps it intends to take with respect to the design of its crossings of the intermittent streams in the area to address the flooding concerns that have been raised. Much of the information concerning these steps has been supplied to SGR by one of its contractors, HDR Engineering Inc., an experienced railroad engineering firm which SGR has consulted in connection with the construction of its planned rail line.

According to the engineers with which SGR has consulted, any impacts of the rail line can be addressed by understanding the existing hydrologic and hydraulic conditions within the specific project area and then compiling design criteria that will be incorporated into the overall

project design to avoid impacts to existing conditions. In that regard, the existing conditions are best understood by conducting a study of the area's hydrology and building fact based numerical models that describe the drainage response of the area in terms of the amount of and rates of runoff from a given storm at points of interest in the area (the hydrology), the base flow or flooding elevations and the potential for erosion at the points of interest (the hydraulics), and the potential for impacts to the stream water quality and ways to eliminate these impacts (the water quality).

Once these aspects of the existing conditions are understood, the models will be modified to include the proposed project elements relative to the specific route on which the line will be constructed. The proposed project model is used to characterize the area's response to these changes and then compare these changes to the existing conditions. An iterative process is used to investigate and determine the minimum design criteria that must be included in the final project design elements (including bridges) that will mitigate any adverse impacts to the watershed (such as increases in base flood elevations or increased erosion). The following list of tasks is an abbreviated, general outline of the methodology that will be used by SGR's contractors to conduct the watershed analysis prior to construction of the line:

Task 1 – Compile information regarding existing land use, topography, drainage features, impervious surfaces, and other required information to be used as a basis for the modeling. Conduct additional surveying, as required, to obtain data relating to existing channel geometry.

Task 2 – Coordinate with the Medina County Flood Plain Administrator to discuss the project and address mitigation requirements. In this connection, SGR intends also to consult as necessary with the U.S. Army Corps of Engineers, with which it has already had preliminary consultations.

Task 3 – Delineate the overall watershed and sub-watersheds and related drainage patterns corresponding to the relevant points of interest.

Task 4 – Compile an existing conditions hydrologic model. The model will use existing watershed characteristics and regional design storm information to determine the 2,5,10, 25, 50, 100, and 500-year design storm intensities and the related stream or flood flow rates for these recurrence intervals.

Task 5 – Construct existing conditions hydraulic models for the points of interest, such as rail crossings at streams. The existing conditions hydraulic model will be calibrated with available information and compared to the existing flood plain data.

Task 6 – Analyze the proposed rail bridge(s) and other proposed structures that may impact the flood-plain and the watershed. Summarize the results in a technical memorandum that will address the estimated extents of the existing floodplains in the project vicinity and provide design criteria for minimum bridge openings, culvert locations and sizes, bridge lengths

and low chord heights, bank stabilization, scour protection, and erosion control measures so that the constructed project will have no negative, significant impact on base flood elevations and flood plain extents, and will mitigate potential erosion.

Task 7 – Design a Water Pollution Abatement Plan (WPAP), Storm Water Pollution Prevention Plan (SWPPP), and provide a narrative description and typical details to mitigate water quality impacts during and after construction of the project.

The final design process for the SGR line, including the rail bridges, will incorporate the above methodology, using factual information developed during the engineering and surveying process, to insure that the project design components address the particular characteristics of the area's hydrological features and do not adversely impact the flood elevations, water quality, or other watershed characteristics. As noted above, SGR will proactively work with the Flood Plain Administrator and other regulatory agencies to address any concerns they may have. Bridge crossings will be designed with adequate opening sizes, bridge geometries, and bank stabilization measures so there is no significant impact to upstream and downstream base flood elevations. Furthermore, bridge structures will be designed to hydraulically convey floods and base stream flows without the requirement to impound water on the upstream side of the structure – eliminating the potential for a catastrophic breach failure. Water quality and best management practices will be incorporated into the design of the project to eliminate any affect from the project elements.

The above-described work (which is not unusual for any rail line) will be undertaken, as part of the engineering process, for the routing over which the Board determines, based on the NEPA process, the line may be constructed. SGR is therefore prepared to accept as a condition in this proceeding a requirement that, prior to construction, it undertake appropriate modeling and design efforts with respect to the alignment for the line that it is authorized to construct in order to address stream crossing issues. It is also prepared to accept as a condition that it coordinate, prior to construction, with appropriate federal, state and local agencies with respect to design or related requirements relative to stream crossings for the alignment authorized by the Board. In that regard, SGR wrote to the Corps of Engineers on January 29, 2004 to initiate pre-application consultation (see attached copy), and is aware of the Corps' March 8, 2004 letter to SEA advising of the Corps' permitting process and the possible application of that process to SGR's plans.

B. Impact of the SGR Line on Local Groundwater Quality

As SGR has previously advised, the proposed rail line would not impact the Edwards Aquifer Recharge Zone. Except at its northernmost end, all of the rail line would be located outside the recharge zone, as would the fueling and maintenance facilities. The rail line will be constructed and operated consistent with the requirements of the Edwards Aquifer Authority,

which is responsible for aquifer issues. SGR and Vulcan have consulted with that Authority and intend to continue to do so to ensure that water quality is not impaired by the rail line.

Further, contrary to the unfocused concerns of several commenters, the SGR line will not adversely impact shallow ground water resources in the area. Most of the residents in the area receive their potable water from a local water supply company. That company receives its water from Edwards Aquifer wells, which will be unaffected by the line. The line will also be designed not to interfere with any nearby wells or with water pipes and thus would not impair the ability of local farmers to irrigate their property. Obviously, rail lines coexist with water wells throughout Texas, and SGR is not aware of any particular threat that these rail lines, or its line, pose to water quality, which can be more significantly impacted by a variety of other factors unrelated to the rail line.

C. Roadway Upgrades Associated with Rail "No-Build" Alternative

Several commenters have raised questions about the impact of the quarry on area roadways. Under the "no-build" alternative associated with the STB application, it is proposed that over-the-road tractor trailers each carrying between 20 and 23 tons of aggregate be used to transport product from the quarry area to a remote rail loading facility approximately seven miles south of the quarry, where the aggregate would be transferred from trucks to rail cars. At the currently projected demands for the quarry aggregate, the no-build alternative would necessitate approximately 850 round trips per day for loaded and unloaded trucks were the rail line not built.

The transportation route from the quarry to the remote rail loading facility would be as follows: Upon exiting the quarry, trucks would travel about 2.5 miles on either CR 351 or CR 353, to FM 2676. The trucks would then proceed south on FM 2676 for about 3.5 miles and then east on CR 4516 for about 3 miles to the point where the rail loading facility would be located.

FM 2676 may be capable of sustaining this type of added traffic for at least a short period of time. CR 353 and CR 4516, by contrast, would require immediate and substantial upgrading for the entire length that those routes would be used for the truck traffic in the event that the rail line were not built.

In terms of traffic impacts resulting from quarry operations unrelated to whether the rail line is built, SGR understands that Vulcan intends to work with the Medina County government to consider appropriate upgrades to roadways that will act as primary conduits into and out of the quarry area. In several cases, particularly on CR 353 leading into the quarry and plant area, it is believed that roads will need to be upgraded to handle tractor trailers carrying aggregate to local customers as well as Vulcan employee traffic and local residents.

D. Depth of Mining at Quarry/Size of Quarry

Several parties have raised questions about the depth of the mining that will occur at the Vulcan quarry. While SGR does not believe that these concerns bear any relationship to its rail line, SGR (based on information provided by Vulcan) offers the following information which SEA may find relevant for purposes of its cumulative impacts analysis.

Data collected from the relevant properties indicates that the thickness of the total Edwards Limestone generally exceeds 400 feet. However, the potential mineable thickness (that thickness which is considered for mining purposes) of the desirable limestone in this location varies from as thin as 40 feet from the surface in some areas to as great as 180 feet in other areas. The actual mineable thickness depends on a variety of factors, including mine safety practices, operational and quarry design considerations, stone quality, as well as the nature and level of the market demand. In addition, no mining will occur at depths such that the water table would be contacted. As a practical mining consideration, the presence of water in active quarrying areas is a hindrance to mining activities. Accordingly, a substantial thickness of un-saturated limestone will be left above any underground water table. MCEAA's suggestion that Vulcan intends to mine down to 250 feet, or to reach the Aquifer, offers another example of that group's effort to generate opposition to the quarry based on false accusations.

The total leased land in the quarry area is far more than required for the actual proposed quarry and plant area. Having such a large tract of land allows for evaluation of alternate project features, buffer areas, and habitat enhancement areas. To accomplish the goal of developing a model project, Vulcan has to date and will continue in the future to work closely with both the regulatory and public stakeholders. Much of the project area will not be disturbed and will be managed to improve the habitat value in the area. Vulcan's direct experience at other operations in Texas is that quarrying has little, if any, impact on the surrounding wildlife, including the Whitetail Deer population.

E. Water Quality Impacts of Quarry

SGR offers the following information in response to concerns raised in certain comments about water quality issues relating to the quarry. Again, SGR does not believe that this information is necessarily relevant to an environmental assessment of its rail line, but is providing this information in the event that SEA might find it useful for purposes of its cumulative impacts analysis.

As SGR has previously advised, the quarry's plant maintenance facility and fuel storage area would be located *off* the Edwards Recharge Zone. Only the amount of fuel and lubricants required for short-term operations would be maintained at the site and all storage tanks and drums will be placed in secondary containment facilities in accordance with all federal, state, and

local requirements governing such tanks and the handling of petroleum products, including the petroleum storage tank and spill prevention control and countermeasures plan requirements. Regulatory requirements with respect to the storage tanks that will be used are addressed in SGR's September 2, 2003 letter to SEA.

By design and based upon the geology, the primary quarry locations exist in the topographically higher elevations of the project site. Because of this, only minor run-off water, and water from direct rainfall, will enter the quarry locations. Within the quarry operations, there will be a relatively small amount of diesel fuel housed within the fuel tanks on the motorized heavy equipment. As previously discussed, all major fuel storage areas are located outside of the quarry area in well regulated and controlled secondary fuel containment facilities off of the recharge zone. In the unlikely event of an accident resulting in a ruptured fuel tank on a piece of heavy equipment within the quarry operations, emergency spill clean up kits would be utilized to reduce any potential threat to the aquifer. In addition, as stated earlier, having a substantial buffer of un-saturated limestone between the quarry floor and any potential water table provides added security that in the unlikely event of a spill, there would sufficient opportunity for any clean up to occur.

Quarry operations necessarily involve the use of blasting agents. These agents are brought into the quarry area and mixed together during placement within the shot holes. They are consumed during the blast. Any trace and or minor residual components remaining from the blast will adhere to the broken aggregate that is transported out of the quarry. Use of these practices and the exercise of prudent mining approaches, including extensive environmental and safety awareness programs, should address any concerns about the impact of blasting on the Edwards Aquifer water quality.

Several commenters raised issues concerning the impact of blasting on water wells. Vulcan has three other operating Edwards Limestone quarry operations in Bexar and Medina Counties. The geology of these quarries is very similar to that for the proposed quarry. In each of these operations, Vulcan relies on water pumped from Edwards wells, which in all cases are immediately adjacent to the quarry. In decades of operation, Vulcan has never experienced performance issues with these wells related to any of the blasting it has done, and these wells are closest to any effects that may be felt from the blasting. To its knowledge, Vulcan has never received complaints or notices from any landowners or entities which may have wells adjacent to Vulcan's Bexar or Medina quarries about any negative impacts of Vulcan's operations on their wells. It also bears note that in most of these areas, the population density greatly exceeds that in the area around Vulcan's proposed Medina quarry.

F. Quarry Water Usage

SGR will address quarry water usage since the issue has been raised by certain

commenters. SGR provides this information in connection with the cumulative impacts analysis that will be undertaken by SEA.

Medina County, like many of the counties to its east and west (including Bexar County), relies almost exclusively on water pumped from the Edwards Aquifer. Any Edwards Aquifer water utilized in this project would be regulated by permit from the Edwards Aquifer Authority (EAA). The EAA's function is to oversee the protection, conservation, and utilization of the aquifer water and as a result, reduce the potential for negative impacts on area springs, which provide habitat for various species. As a result, Vulcan can only utilize that amount of Edwards Aquifer water that complies with the EAA's rules. Apart from Edwards Aquifer water, there are other potential sources of non Edwards Aquifer water that could be used for this project, and the use of these other water sources would lessen the demand on the Edwards Aquifer.

The amount of water utilized in the project will be a function of the market demand and the resultant volume of material sold from the operations. It is estimated that in the early stages of the project, the volume of water to be utilized may range from 500 to 2,000 acre/feet annually. If this is regulated Edwards Aquifer water, then it represents the use of existing water rights that would otherwise be used in some other part of the region. As such, use of Edwards Aquifer water in quarrying operations does not represent an increase in total regional Edwards Aquifer water usage. Included within this estimate is Vulcan's utilization of extensive water re-use equipment and technology. In 2000, Vulcan Material's received an award for "Outstanding Water Saver of the Year – Big Business Category" from the San Antonio Water Systems, for using water re-use technology in its Bexar County quarry operations. Vulcan is the only aggregate producer in the area to utilize this water saving approach. Implementation of this technology resulted in Vulcan recovering as much as 75% of the water it would have otherwise lost. The same technology is planned for use at the quarry to be served by the SGR line.

Through extensive field observations and consultation with landowners, no sensitive recharge features have been identified on any parts of the 1,760 acre project site. As a result, the quarry poses no potential harm to the recharge effectiveness to the aquifer as a result of potential destruction of sensitive features.

G. Other Matters

MCEAA offers views in its scoping comments on the manner in which SEA might conduct its assessment of air quality, noise, wetlands, wildlife and environmental justice analyses in the Draft EIS. To the extent that MCEAA argues that the impacts of the quarry should be assessed with respect to each of these matters, SGR (in its March 10, 2004 letter) has previously offered its views as to why this is not the case. SGR has also offered its views on MCEAA's arguments concerning the scope of the endangered species analysis for the rail line.

SGR is confident that SEA knows how to conduct the appropriate analyses of air quality, noise, wetlands and environmental justice matters, each of which areas was identified by SEA as an areas appropriate for discussion in the Draft EIS. Thus, SGR will not comment further on these matters.

With respect to cumulative impacts, MCEAA offers the weird and unprecedented notion that SEA should undertake an analysis of the transportation impacts on the national rail system, including rail lines in the Houston area, of the railcars that may originate on the SGR line. To state the obvious, such an analysis could not be undertaken since SGR is unable to predict the precise final destination or the routing to that destination for each railcar that it may transport over a period of years. Nor can it predict the level of truck traffic that might be generated by the rail traffic at issue in places distant from Medina County, much less the air quality impacts of such traffic. For obvious reasons, SEA has never undertaken that kind of speculative work relative to traffic that might be transported over a new rail line, and NEPA does not require such guesswork.

MCEAA's cumulative impacts suggestion underscores a key point that should not be lost here – that party (which obviously has no bona fide interest in transportation or air quality impacts in Houston or other distant points where the Vulcan aggregate might reach), is manufacturing problems and ideas for analysis for the sole purpose of injecting delay and complexity into this straightforward matter. Its lengthy and rambling submissions are part of this strategy.

SEA should stay on course and not be swayed by false complexity. This case involves a seven mile rail line of the sort that SEA has seen before. The scope of the EIS should be thorough (as has been proposed in the draft scoping notice), but should also be consistent with the nature of the federal action at issue

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SGR urges the Board to proceed with the issuance of a final scoping notice in this proceeding consistent with its draft scope. Should the Board have any specific questions concerning SGR's plans, SGR would be pleased to provide responses to those concerns.

Sincerely,



David H. Coburn
Sara Beth Watson
Attorneys for Southwest Gulf
Railroad Company

cc: Ms. Rini Ghosh
Ms. Catherine Glidden
Ms. Jaya Zyman-Ponebshek

Colonel John R. Minahan
District Engineer
Fort Worth District
U.S. Army Corps of Engineers
817 Taylor Street
Fort Worth, Texas 76102

January 29th, 2004

Re: Southwest Gulf Railroad, Medina County, Texas

Dear Colonel Minahan:

This letter is to initiate pre-application consultation with the U.S. Army Corps of Engineers concerning potential Section 404 Permits for the subject rail line construction project. Southwest Gulf Railroad ("SGR"), a new railroad entity which is wholly owned by Vulcan Materials Company, intends to construct a seven mile rail line in Medina County from a limestone quarry to be developed by another Vulcan subsidiary to a connection with the existing Union Pacific Railroad line near Dunlay. A map showing the location of the proposed rail line is attached.

On February 27, 2003, SGR requested an exemption from the federal Surface Transportation Board (STB) for the construction and operation of the new rail line (STB Finance Docket No. 34284). The STB is the federal agency with jurisdiction over the construction and operation of new rail lines. On May 19, 2003, the STB granted an exemption to allow construction and operation of the line, subject to the completion of the environmental review process under the National Environmental Policy Act. A copy of the STB's decision is enclosed. The environmental review is being undertaken by the STB's Section of Environmental Analysis ("SEA"). The Austin office of URS, Inc. has been selected by SEA as the third-party contractor to assist in the preparation of the environmental documents and the environmental review process is underway. In that regard, on January 28th, 2004, SEA issued a scoping notice with respect to the Environmental Impact Statement that it is preparing. A copy is attached for your information.

On March 31, 2003, SEA forwarded a consultation letter concerning this project (model copy attached) to a variety of federal, state and local agencies. We are advised that among the addressees of this letter were Mr. Robert Scott of your office and CESWF-PER-R. We understand that SEA did not receive a written response to that letter. If there is any specific information that we can provide you at this time in order to allow your office to comment on the project, please do not hesitate to contact me.

SGR has evaluated several alternative alignments and has identified a preferred alignment. The identification of that alignment was based in large measure on SGR's assessment of the impacts of that alignment, versus other possible alignments, on many issues including wetlands. In SGR's view, the preferred alignment will have no impacts on any wetlands. Nor, in SGR's view, will the proposed rail line give rise to any flooding

issues in connection with the crossing of Quihi Creek and Elm Creek or other intermittent streams in the area. While there are occasional floods in the area, SGR is confident that it can design crossings using trellis bridges that will not exacerbate such flooding. SGR intends to consult with your office about the design for these stream crossings once further engineering work is undertaken following completion of the STB regulatory process.

In that regard, over the last six months, I have informally consulted with Mr. Stan Walker and Ms. Jessica Napier of your office on this matter, and we have committed to providing more details on the planned stream crossings at the stage when SGR undertakes final engineering for the project. We understand the importance of environmental stewardship and the need to coordinate with the Corps if the project will result in any placement of fill material into "waters of the U.S." I have also preliminarily consulted with the Medina County Flood Plain Administrator, with whom I toured the proposed stream crossing locations last July.

In short, SGR is committed to compliance with all applicable laws and permitting regulations, including those related to jurisdictional waters, stormwater quality management, FEMA-regulated floodplains, endangered species, and cultural resources. We also look forward to coordinating with your staff once the potential impacts to waters of the U.S. are more fully assessed as part of the NEPA process.

Finally, we would like to provide you any additional information that you may require at this stage in order to offer us initial guidance on the SGR project. We would be pleased to provide additional maps or other information, and to arrange a site tour for you or your colleagues. We are also prepared to meet with you should you believe that such a meeting is warranted at this stage. In addition, we are aware that certain local landowners opposed to the Quarry project are contacting various agencies and providing misinformation about the SGR line. Thus, in addition to receiving your initial views, we would be pleased to clear up any misconceptions about the project.

We look forward to your response.

Sincerely,

Darrell Brownlow, Ph.D.
SGR Project Consultant

cc: Wayne Lea, Chief Regulatory Branch, USACE Fort Worth District
David H. Coburn, SGR Counsel, Steptoe & Johnson